

Action No. 0901-18791

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF PIIKANI ENERGY
CORPORATION

BETWEEN:

PIIKANI NATION

Applicant

- and -

PIIKANI ENERGY CORPORATION and DALE McMULLEN

Respondents

BEFORE MR. JUSTICE

R.A. GRAESSER

IN CHAMBERS

) At the Calgary Court Centre, in the
)
) City of Calgary, in the Province of Alberta,
)
) on Monday, the 21st day of December, 2009.

INTERIM PRESERVATION ORDER

UPON the application of the PIIKANI NATION, in respect of the Respondent PIIKANI ENERGY CORPORATION ("PEC"); AND UPON having read the Originating Notice of the Applicants and the Affidavits of Corbin Provost, Doane Crow Shoe, filed, and of Stephanie Ho Lem, unfiled; AND UPON counsel for PEC seeking an adjournment to be able to cross-examine and to file affidavits; AND UPON hearing the consent of ALGER & ASSOCIATES INC. to act as Interim Conservator of PEC ("Conservator"); AND UPON hearing counsel for the parties, Conservator and interested parties; AND UPON nobody appearing for Dale McMullen; AND UPON finding that appointing an Interim Conservator to preserve the assets of PEC is just and convenient; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE AND ADJOURNMENT

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.
2. The hearing of the Applicant's Receivership Application is adjourned to February 26, 2010, commencing at 10:00 a.m..

APPOINTMENT

3. Pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, pending the hearing of the application and without finding on the merits of the application, ALGER & ASSOCIATES INC. is hereby appointed Interim Conservator ("Conservator"), without security, of all of PEC's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property") for the purpose of preserving said property pending the hearing of the Applicant's Receivership application.
4. The Conservator shall be deemed to be an officer of this court.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE CONSERVATOR

5. (i) PEC, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Conservator of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Conservator, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Conservator upon the Conservator's request.
6. All Persons shall forthwith advise the Conservator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of PEC, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Conservator or permit the Conservator to make, retain and take away copies thereof and grant to the Conservator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which

may not be disclosed or provided to the Conservator due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

7. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Conservator for the purpose of allowing the Conservator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Conservator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Conservator. Further, for the purposes of this paragraph, all Persons shall provide the Conservator with all such assistance in gaining immediate access to the information in the Records as the Conservator may in its discretion require including providing the Conservator with instructions on the use of any computer or other system and providing the Conservator with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE CONSERVATOR

8. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Conservator except with the written consent of the Conservator or with leave of this Court.

NO PROCEEDINGS AGAINST PEC OR THE PROPERTY

9. No Proceeding by or against or in respect of PEC or the Property shall be commenced or continued except with the written consent of the Conservator or with leave of this Court and any and all Proceedings currently under way by or against or in respect of PEC or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 9.

NO EXERCISE OF RIGHTS OF REMEDIES

10. All rights and remedies (including, without limitation, set-off rights) against PEC, the Conservator, or affecting the Property, are hereby stayed and suspended except with the written consent of the Conservator or leave of this Court,

provided however that nothing in this paragraph shall (i) empower the Debtor to carry on any business which PEC is not lawfully entitled to carry on, (ii) exempt PEC from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE CONSERVATOR

11. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by PEC, without written consent of the Conservator or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 2 of the *Companies' Creditors Arrangement Act*) with PEC from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

12. All Persons having oral or written agreements with PEC or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to PEC are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Conservator, and this Court directs that the Conservator shall be entitled to the continued use of PEC's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Conservator in accordance with normal payment practices of PEC or such other practices as may be agreed upon by the supplier or service provider and the Conservator, or as may be ordered by this Court.

CONSERVATOR TO HOLD FUNDS

13. All funds held in any deposit account to the credit of PEC shall be paid to the Conservator to be held in trust for PEC.
14. All funds, monies, cheques, instruments, and other forms of payments received or collected by PEC from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be provided to the Conservator forthwith to be held in trust for PEC.

15. The Conservator shall pay from the monies held in trust only such expenses as may have been approved by the Conservator.
16. PEC may apply to the Court for approval of a budget with respect to legal costs and/or accounting costs on two clear days notice.

ACTIONS OF DEBTOR

17. No transaction shall be taken by PEC, including any action by a director, officer or employee of PEC in respect of PEC's business, without the approval of the Conservator first obtained, or without an order of this Court.

CONSERVATOR'S ACCOUNTS

18. Any expenditure or liability which shall properly be made or incurred by the Conservator, including the fees of the Conservator and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Conservator and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Conservator's Charge").
19. The Conservator and its legal counsel shall pass their accounts from time to time.
20. Prior to the passing of its accounts, the Conservator shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Conservator or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

USE OF EVIDENCE

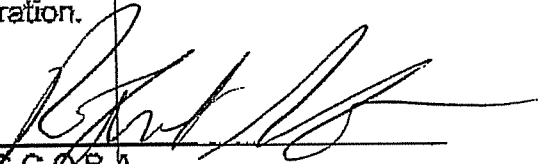
21. Evidence in Action No. 0901-15297, if otherwise admissible, may be used in Action No. 0901-18791, and *vice versa*.

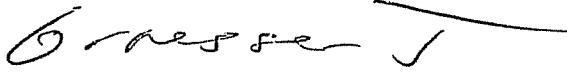
GENERAL

22. The Conservator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
23. Nothing in this Order shall prevent the Conservator from acting as a trustee in bankruptcy of PEC.

RETURN DATE & APPROVAL OF FORM OF ORDER

- 24. A case management meeting shall be held January 7, 2010, commencing at 1:00 p.m..
- 25. Further affidavits in respect of that application shall be filed and served by January 22, 2010.
- 26. Cross-examination on affidavits shall be completed by January 29, 2010.
- 27. The Applicant's brief shall be filed and served by February 12, 2010.
- 28. Any briefs in response shall be filed and served by February 19, 2010.
- 29. This Order may be approved in counterpart and by facsimile, by counsel for the Applicant and for the Piikani Energy Corporation.

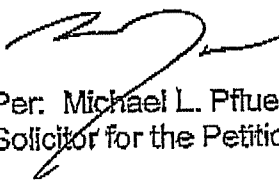
Per. 
 J.C.C.Q.B.A.



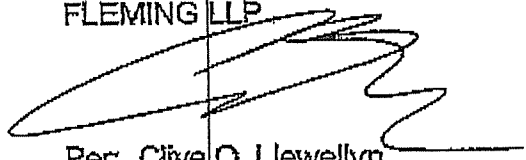
Entered this 5 day of ~~December, 2009.~~
~~December, 2009.~~ January 2010

K. MCAUSLAND 
 Clerk of the Court

Approved as to Form and Content this
23 day of December, 2009.
 WALSH WILKINS CREIGHTON LLP


 Per: Michael L. Pflueger
 Solicitor for the Petitioners

Approved as to Form and Content this
22 day of December, 2009.
 FLEMING LLP


 Per: Clive O. Llewellyn
 Solicitor for Piikani Energy Corporation

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Respondents

**CLERK OF THE COURT
JAN 05 2010
CALGARY, ALBERTA**

INTERIM PRESERVATION ORDER

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